

INSTRUCTIONS FOR SUMMARY REPORT OF EXAMINATION

OVERVIEW

Background

In the past, a full compliance Report of Examination was completed regardless of the financial institution's rating. The preparation and review of the full report is labor intensive and time consuming. Moreover, many of the report pages provide little information or assistance to a financial institution that has consistently maintained a satisfactory or better compliance rating. Therefore, a streamlined Report of Examination (ROE) Summary format was developed for use with these institutions. Examiners should employ the ROE Summary format whenever permissible.

Purpose of the Summary Report

The ROE Summary format, an abbreviated report of examination format, was developed to accomplish the following:

- € Present examination findings quickly and in an easily readable format
 - € Reduce the time spent by Regional Office staff in reviewing and processing reports
-

OVERVIEW

In This Section

TOPIC	SEE PAGE:
USE OF THE SUMMARY REPORT	C-2
DESCRIPTION OF THE SUMMARY REPORT	C-2
PROCEDURES	C-3
SUMMARY OF VIOLATIONS	C-3
REFERENCES	C-8
SAMPLE WRITE-UPS	C-9
FDIC COMPLIANCE DATA ENTRY FORM INFORMATION	C-13

**USE OF THE
SUMMARY
REPORT**

The ROE Summary format may only be used for institutions which have had a satisfactory or better compliance rating and pose no supervisory concerns.

Use the summary report only if **all** of the following conditions are met:

- € The institution has a composite compliance rating of "1" or "2" for the current and last examination
- € No reimbursable Truth in Lending Regulation Z violations exist at the current examination
- € No violations of the anti-discriminatory provisions of the Equal Credit Opportunity Act (ECOA)/Regulation B or the Fair Housing Act (FHA)/Part 338 of FDIC's Rules and Regulations exist at the current examination

The ROE Summary format may be used when a financial institution meets the above requirements and is assigned a "Needs to Improve" or "Substantial Noncompliance" rating for CRA, provided that there are no violations of the anti-discriminatory provisions of the ECOA or FHA.

Regardless of the composite compliance rating, the examiner may prepare the full ROE when violation descriptions are essential to fully explain the substance of violations to the financial institution's management, for example, a recent change in Regulation Z citations due to a court decision.

**DESCRIPTION
OF THE
SUMMARY
REPORT**

The ROE Summary format consists of the following pages and documents used in the full ROE:

- € Cover
- € Examiner's Comments and Conclusions
- € CRA Page (optional)
- € Supervisory Page A
- € CRA Performance Evaluation

The CRA Performance Evaluation is prepared as a separate document since it must be made publicly available by the financial institution.

PROCEDURES

Summary Report Preparation Procedures	
1.	Complete the pages and documents above as you would for the full ROE. <i>NOTE: Access the Data Entry Form through the automated Report of Examination Menu. Include on the disk sent to the Regional Office.</i>
2.	Comments on the Examiner's Comments and Conclusions page should: <ul style="list-style-type: none"> € Be concise, reflecting the overall "Satisfactory" or better compliance rating and the lack of any supervisory concerns € Describe the strengths, as well as any weaknesses, of the financial institution's compliance posture € Include a statement indicating that a copy of the Summary of Violations was provided to management before the examination's conclusion

SUMMARY OF VIOLATIONS

In addition to the ROE Summary format, the financial institution will receive a Summary of Violations. The Summary of Violations is a separate document describing the violations found during the course of the examination and management's response and commitments for corrective action. The final page of the Summary of Violations contains an attestation and signature block for management to acknowledge receipt of the Summary of Violations and discussion of its contents.

Preparation of the Summary of Violations

Prepare the Summary of Violations	
Significant Violations	
1.	Write violations that would appear on the Significant Violations pages of a full ROE in the same format and using similar headings.
2.	Include management's response and/or commitment(s) for corrective action. <i>Refer to the sample write-ups at the end of this section of the manual.</i>

SUMMARY OF VIOLATIONS (cont'd)

Preparation of the Summary of Violations (cont'd)

Less Significant Violations

3. Use the same format for less significant violations that would normally be included on the Other Violations and Exception pages of a full ROE.

Refer to sample write-ups at the end of this section of the manual.

Discussion of Summary of Violations with Management

Discuss Summary of Violations with Management

1. Provide management with a draft copy of the Summary of Violations.
2. Advise management that the Summary of Violations is the official record of violations discovered during the examination.
3. Discuss contents of the Summary of Violations with management before the exit meeting.

Resolution of Disagreements

1. Management's disagreement with any of the violations cited must be resolved to the extent possible by the examiner through either a review of additional information provided by management or further research of regulatory materials.
2. Discuss management's disagreement with any violation(s) in both the revised Summary of Violations and the Examiner's Comments and Conclusions page of the Summary ROE.

Specifically identify the violation(s) in question and management's basis for challenging the violations.
3. Management will acknowledge receipt and discussion of the final Summary of Violations by returning to the examiner a signed copy of the Summary of Violations.

Refer to sample write-ups at the end of this section of the manual.

SUMMARY OF VIOLATIONS (cont'd)

Discussion of Summary of Violations with Management (cont'd)

4. Submit the report, including the signed copy of the Summary of Violations, to the Regional Office for review.

If management refuses to return a signed copy of the Summary of Violations . . .

1. Include the Summary of Violations pages as part of the final Summary ROE.
2. Make note of management's refusal on the Examiner's Comments and Conclusions page.
3. Submit the report, including the original signed Summary of Violations, to the Regional Office for review.

Regional Office Review of Summary of Violations

Regional Office Review Procedures

1. The examiner must forward the signed Summary of Violations to the Regional Office with the ROE Summary format.

NOTE: The examiner should include a disk copy of the Summary of Violations in the event of revisions by the Regional Office.

2. The Regional Office will communicate any revisions to the Summary of Violations to the financial institution.

€ Insignificant revisions

Insignificant changes by the Regional Office to the text of the Summary of Violations will be communicated to the financial institution by the Regional Office staff. The method used to notify the financial institution of changes is at the discretion of the Regional Manager.

SUMMARY OF VIOLATIONS (cont'd)

Regional Office Review of Summary of Violations (cont'd)

€ Substantial revisions

If the Regional Office's revisions to the Summary of Violations are substantial, the Regional Office must send a copy of the revised Summary of Violations to the financial institution with the Report of Examination.

Revisions could be the result of the Regional Office obtaining new information which:

- Eliminates several violations, or
- Increases the number of violations

3. The Regional Office transmittal of the Summary ROE to the financial institution will conform to the following guidelines:

- € The Regional Office must state in the transmittal letter that a Summary of Violations was provided to the financial institution's management and discussed with them
- € The transmittal letter must specify the date and the names of management officials involved
- € The transmittal letter must also provide the name and title of the executive officer who signed the Summary of Violations acknowledging its receipt on behalf of management

If management refused to sign the Summary of Violations . . .

1. The Regional Office should state the following in the transmittal letter:

- € Management refused to sign the Summary of Violations
- € The Summary of Violations has been included as part of the Summary ROE

If the Summary of Violations has been substantially revised . . .

- #### 1. The Regional Office must send both the Summary ROE and the revised Summary of Violations to the financial institution by certified mail, return receipt requested.

**SUMMARY OF
VIOLATIONS
(cont'd)**

**Regional Office
Review of
Summary of
Violations
(cont'd)**

- | | |
|----|---|
| 2. | The transmittal letter to the financial institution should indicate: |
| € | The Summary of Violations has been substantially revised |
| € | Management is requested to acknowledge receipt of the revised Summary of Violations by returning a signed copy to the Regional Office by a specified date |
| 3. | If the financial institution fails to comply with this request, the Regional Office should pursue appropriate action. |

**Recordkeeping
Requirements**

Recordkeeping Procedures	
1.	Maintain the original signed Summary of Violations in the Regional Office with the Summary ROE.
2.	Maintain a copy of the signed Summary of Violations in the field office with the workpapers.
3.	In the event a revised Summary of Violations is prepared by the Regional Office, the Regional and field offices should retain a copy of the revised Summary of Violations until the signed acknowledgment copy is received from the financial institution.
4.	Consistent with the procedures stated above, the Regional Office will maintain the original signed revised Summary of Violations and send a copy to the field office to retain with the workpapers.



**FDIC LAW,
REGULATIONS
, & RELATED
ACTS**

Applicable Rules

None

**Advisory
Opinions**

None

**Statements of
Policy**

None

**DCA
MEMORANDA**

Instructions for the Compliance Report of Examination, Transmittal No.
DCA-96-021, dated 2/23/96

Summary Compliance Report of Examination, Transmittal #DCA-96-007,
dated 1/19/96

**FINANCIAL
INSTITUTION
LETTERS (FIL)**

None

SUMMARY OF VIOLATIONS		00000-0
IDENTIFICATION OF TRANSACTION OR EVENT	SECTION AND DESCRIPTION OF VIOLATION	

SUBSTANTIVE VIOLATIONS

HOME MORTGAGE DISCLOSURE

Jack B. and Jill Quick Loan #XXXXXX, 1-3-19XX	Section 203.4(b) Failure to log residential purchase mortgages originated in the Commercial Loan Department. [370301]
Susan B. Anthony Loan #XXXXXX, 7-13-19XX	

The institution failed to enter residential purchase mortgages originating in the Commercial Loan Department on the 19XX Loan Application Register (LAR). The omission of the 15 mortgages represents 50% of the institution's reportable applications. The employees in the Commercial Loan Department were unaware of HMDA reporting requirements. Management corrected the 19XX LAR and re-submitted the LAR during the examination.

OTHER SIGNIFICANT VIOLATIONS

ELECTRONIC FUND TRANSFERS

John Jones Account #123456, 12-1-19XX	Section 205.9(a)(3) Receipts provided by the ATM incorrectly describe credit card transactions as transfers to or from a checking account. [285101]
Nicholas Roberts Account #132654, 6-3-19XX	

Management states that all ATM machines cannot properly describe credit card transactions on the ATM receipts. Vice President John Doe stated he will contact the servicing company to correct this system-wide deficiency.

FDIC 6410/06 (12-93)		3.1
SUMMARY OF VIOLATIONS (Continued)		00000-0
IDENTIFICATION OF TRANSACTION OR EVENT	SECTION AND DESCRIPTION OF VIOLATION	

OTHER SIGNIFICANT VIOLATIONS (Cont'd)

REAL ESTATE SETTLEMENT PROCEDURES

Mortgage servicing transfer
notices - Provided from January
to December 1995

Section 3500.21(d)(3)
Date on which current servicer
will stop accepting payments
and new servicer will begin
accepting payments are not the
same or consecutive dates.
[147201]

This is a system-wide violation. All twelve transfer notices reviewed did not accurately disclose the service transfer dates. Vice President James Roe stated that the financial institution relied upon incorrect advice from a state banking association. A corrected notice was developed and provided to the affected account holders during the examination.

OTHER VIOLATIONS

TRUTH IN LENDING

"Car Loan Advertisement"
Anytown Press
January 5, 19XX
February 5, 19XX
March 5, 19XX
April 5, 19XX

Section 226.24(c)(1)
Four advertisements did not contain
the additional disclosures required
by the inclusion of the loan
repayment period. This is due to
to lack of adequate training.
Management adopted regulatory
checklists for loan and deposit
advertisements prior to the
examination in an attempt to address
this deficiency.
[090501]

FDIC 6410/06 (12-93)

3.2

SUMMARY OF VIOLATIONS (Continued)		00000-0
IDENTIFICATION OF TRANSACTION OR EVENT	SECTION AND DESCRIPTION OF VIOLATION	

OTHER VIOLATIONS (Cont'd)

TRUTH IN SAVINGS

"Save With Us"
Anytown Press
May 5, 19XX
June 5, 19XX

Section 230.8(b)
Three advertisements, using the
abbreviation "APY", did not include
the term "annual percentage yield".

July 5, 19XX

This violation appears to be caused by employee oversight. Management adopted regulatory checklists for deposit advertisements prior to the examination.
[170501]

FAIR HOUSING

Post, David and Tanya
\$35,000, 08-22-19XX

Section 338.7(a)(1)(i)
The bank failed to collect the required monitoring data for this mobile home loan. This appears to be an inadvertent error. It was corrected during the examination.
[353701]

FDIC 6410/06 (12-93)		3.3	
SUMMARY OF VIOLATIONS (Continued)			00000-0
IDENTIFICATION OF TRANSACTION OR EVENT		SECTION AND DESCRIPTION OF VIOLATION	

OTHER VIOLATIONS (Cont'd)

ELECTRONIC FUND TRANSFERS

Jane Small
Account XXXXXX, 6-10-19XX

Section 205.10(a)(2)
A pre-authorized payroll transfer was not credited the day the funds were received. This appears to be a clerical oversight.
[287901]

_____ I do
hereby acknowledge receipt of a copy of this document. Examiner _____
_____ discussed with me in detail the violations cited
herein.

Officer's name and title Officer's signature and date

Institution's name City/State

FDIC 6410/06 (12-93)

3.4

FDIC COMPLIANCE DATA ENTRY FORM

The hard-copy Data Entry Form has been replaced by an automated Lotus form.

Access the Data Entry Form through the automated Compliance Report of Examination Menu. It is located under item 6, Upload Menu.